

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /089 W

-----061213Z 082064 /13

R 060746Z APR 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8099

INFO AMCONSUL HONGKONG

UNCLAS MANILA 5100

HONG KONG FOR REGIONAL TREASURY REPRESENTATIVE

E.O. 11652: N/A

TAGS: EFIN, ETRD, RP

SUBJ: PHILIPPINE TRADE PICTURE IMPROVIES

1. SUMMARY. PRELIMINARY FIGURES ON FOREIGN TRANSACTIONS INDICATE THAT THE PHILIPPINE TRADE DEFICIT FOR THE FIRST THREE MONTHS IS \$150 MILLION, COMPARED WITH AN AVERAGE QUARTERLY DEFICIT OF \$219 MILLION IN 1976. THE IMPROVEMENT IS PROBABLY LARGELY DUE TO INCREASED SUGAR SALES. THE CURRENT ACCOUNT BALANCE IS ALSO IMPROVED FROM 1976, AND THE OVERALL BALANCE IS IN SURPLUS. END SUMMARY.

2. THE CENTRAL-BANK (CB) HAS REPORTED ON ECONOMIC AND FINANCIAL DEVELOPMENTS DURING THE FIRST QUARTER OF 1977. FIGURES OF FOREIGN EXCHANGE TRANSACTIONS ARE SUBJECT TO SUBSTANTIAL REVISION (THE REPORT WAS RELEASED FOUR DAYS BEFORE THE END OF THE QUARTER), BUT NEVERTHELESS INDICATE THAT THE EXTERNAL TRADE PICTURE IS IMPROVING. SHOWN BELOW ARE PAYMENTS FOR IMPORTS AND RECEIPTS FOR EXPORTS FOR THE FIRST QUARTER 1977, COMPARED WITH FIRST QUARTER 1976 AND AVERAGE QUARTERLY PERFORMANCE FOR ALL OF 1976
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(\$ MILLION):

	1ST QTR 1976	AVE. 1976	1ST QTR 1977
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IMPORTS	770	762	795
EXPORTS	418	543	645
DEFICIT	352	219	150

3. THE SOURCE OF IMPROVEMENT IS OBVIOUSLY EXPORTS. ALTHOUGH EXPORT FIGURES ARE NOT BROKEN DOWN BY CATEGORY, IT IS PROBABLE THAT SUBSTANTIAL SUGAR SALES ARE AN IMPORTANT FACTOR.

4. NET INFLOW FROM TRANSFER PAYMENTS CLOSELY FOLLOWS THE PATTERN OF 1976, BUT NET RECEIPTS FROM NON-MERCHANDISE TRADE ARE RUNNING SOMEWHAT BEHIND LAST YEAR, AND CONSIDERABLY BEHIND 1975. THE CURRENT ACCOUNT DEFICIT IS NEVERTHELESS ONLY \$78 MILLION, WHICH COMPARES WITH \$282 DURING THE FIRST QUARTER 1976, AND \$133 MILLION AVERAGE FOR THE FOUR QUARTERS OF 1976. A NET NON-MONETARY CAPITAL INFLOW OF \$98 MILLION RESULTS IN AN OVERALL TRANSACTIONS SURPLUS OF \$20 MILLION, COMPARED WITH AN AVERAGE QUARTERLY DEFICIT OF ABOUT \$40 MILLION FOR THE PREVIOUS FOUR QUARTERS.

5. THE CENTRAL BANK ENGAGED IN NET REPAYMENTS OF COMPENSATORY BORROWINGS AMOUNTING TO \$370, AND CB RESERVES WERE DRAWN DOWN BY \$242 MILLION.

6. A COPY OF THE CB REPORT IS BEING FURNISHED TO EA/PHL. SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Disposition Reason:
Disposition Remarks:
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Review Release Date: n/a
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TAGS: EFIN, ETRD, RP
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